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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Sanchez

Mark Linder

SUBJECT: NORTHSIDE SENIOR HOUSING
AND COMMUNITY CENTER
MASTER DEVELOPMENT PLAN

DATE: April 28, 2000

Approved

Ray Winer

Date

4/28/00

INFORMATION

INTRODUCTION

Over the next several weeks, the Administration will be bringing to the City Council a series of recommendations related to the implementation of a proposal for the Northside Senior Housing and Community Center Master Development Plan. This memorandum provides the City Council with an informational backdrop for consideration of these upcoming matters. Included are: a brief historical background; a description of the proposed master development concept; an update on project costs and funding; and a summary of anticipated actions that are expected to be recommended for Council consideration prior to mid-June.

BACKGROUND

On June 27, 1995, the City Council accepted in concept a master plan for the redevelopment of the City-owned property on the south side of Empire Street, between North 6th and 7th Streets. The easterly portion of the property is the former location of the Empire Corporation Yard, with the remainder of the property being occupied by the City's Northside Community Center. The plan called for the development of 80 to 90 affordable senior housing units on the Corporation Yard area, when it became available, and the replacement of the current Community Center building with a larger facility of between 16,000 and 20,000 square feet. Based on this concept, the City Council directed the Administration to develop a senior housing feasibility study prior to relocation of the Empire Corporation Yard functions to the new Central Service Yard.

The Administration presented a Northside senior housing feasibility study and community center expansion update report to the City Council on September 2, 1997. Based on staff recommendations, the City Council authorized the Director of Housing to issue a Request for Qualifications (RFQ) to affordable housing developers for a senior housing project on the

Empire Yard portion of the Northside site. Also, as part of the City Council's discussion on this matter, the focus of the future project was broadened to include the potential joint development of senior housing with the redevelopment of the community center.

An RFQ for the Northside Senior Housing Project and potential joint development of the Northside Community Center was issued on November 14, 1997, to the affordable housing development community. Eight (8) submittals were received in response to this RFQ. An interdepartmental selection committee, consisting of representatives from the Housing, PRNS, and Planning, Building and Code Enforcement Departments and the City Manager's Office, reviewed the proposals and interviewed the top three (3) candidates. The selection committee focused on experience with development and management of senior housing projects and the ability to jointly develop a housing project with a community facility as primary criteria for selection.

Based on the selection committee's recommendation, the City Council, on May 26, 1998, selected BRIDGE Housing Corporation to be the developer of the Northside Senior Housing project, approved predevelopment funding for BRIDGE to proceed with the PD Rezoning, and authorized the transfer of the housing site to the Housing Department. The City Council also directed the Administration to implement, to the extent possible, the intent of the Master Plan for the entire property.

DESCRIPTION OF THE PROPOSED CONCEPT

Over the past 20 months, the selected development team of BRIDGE Housing, David Baker Associates Architects and L&D Construction has been working with a coordinated group of City staff and has developed a highly integrated proposal for the entire project area. The plan (see the attached set) provides for 96 units of senior housing and approximately 16,800 square feet of community center space. Three stories of senior housing are fully located within the former corporation yard area, and two upper floors of housing extend westerly across the existing community center site.

The first floor space, which is created under the extension area of the housing project, provides room for administration, meeting rooms, library, medical clinic, and other office-oriented space for the new community center. A new auditorium and kitchen building is attached to the northwest side of the housing building to replace the existing community center building. Parking for the housing project is contained entirely subsurface below the housing project and its extension across the community center site. Parking for the community center will be provided in a new lot off 6th Street and with diagonal parking in the 6th and 7th Streets rights-of-way.

In addition to the coordination of this plan with numerous City Departments and the Redevelopment Agency, the development of this concept has been coordinated with the Filipino-American Senior Opportunities Development Council, Inc. (Fil-Am SODC) that has been the long-time operator of the Northside Community Center. The Fil-Am SODC has enthusiastically endorsed the proposed joint development plan. The proposed concept was also well received at a recent neighborhood meeting as part of the rezoning application process.

Initially, in this design process, the housing project and the administrative area of the community center under the housing extension were envisioned to be constructed as a first phase. The demolition and reconstruction of the auditorium and kitchen building were planned to follow as a second phase. Because of the highly evolved and integrated design that has been developed for this mixed-use project, the development team and the Administration agree that it would be beneficial to the City and the neighborhood, both financially and operationally, for the project to be constructed in a single phase. The selected development team of BRIDGE Housing, David Baker Associate Architects, and L&D Construction would be utilized to develop the entire project, with BRIDGE Housing as the master developer. The following financing discussion is based on this single phase, master development concept.

PROJECT COSTS AND FINANCING

BRIDGE, with L&D Construction, has developed separate cost estimates for the design and construction of the housing and community center components, respectively, of the entire proposed development. The housing project will cost approximately \$16,200,000 to design and construct. The overall cost of the new community center facility is currently estimated at \$5,200,000.

The housing portion of the project will be financed in part with a City housing loan of approximately \$5,400,000. A combination of 9% Low Income Housing Tax Credit equity, Affordable Housing Program (AHP) funds and bank financing will complete the housing funding package. City staff and BRIDGE Housing agree that Tax Credits at the 9% level are essential for the future desired affordability of this project. The deadline to apply for 9% Tax Credits this year is June 15, 2000.

Financing the construction of the Community Center portion of the project is a more complicated problem to resolve. Over the past several years, the City, the Redevelopment Agency and the Fil-Am SODC have been piecing together the funding package for the community center project that was proposed in the Northside Master Plan. Approximately \$4,570,000 has been set aside or identified to finance the community center, including: CDBG funds, Redevelopment Agency 80% funds, General Fund revenue, payment for air rights by the Housing Department for the construction of the housing project over the community center space, and community fund-raising.

Based on the \$5,200,000 cost estimate noted above, a gap of approximately \$630,000 still remains in the development budget for the community center. The Administration is looking at several ways to close this gap. Additional CDBG funds are being requested out of the unallocated funds for the current fiscal year and staff continues to explore other possible sources of funds. PRNS and BRIDGE Housing continue to review alternatives for a potential phasing of the community center so that it can get underway at the same time as the housing project.

PROJECT SCHEDULE

As noted above, the deadline for submittal of a 9% Tax Credit application to the State for the senior housing project is June 15, 2000. The housing project would be delayed for almost a full year until the next round in 2001 if the June 2000 Tax Credit round is missed. Because this date is so important, the proposed schedule of activities has been designed to achieve the June 15, 2000, objective. The City Council should thus anticipate receiving reports on the following and other potential related items from the Administration and the Redevelopment Agency over the next two months.

<u>Council Date</u>	<u>Anticipated Actions or Activities</u>
May 2, 2000	Public Hearing on Northside PD Rezoning
May 9, 2000	Second reading of PD Rezoning--ordinance becomes effective on June 8, 2000
May 16, 2000	Set the Public Hearing on the Housing Project Disposition and Development Agreement (DDA) for June 6, 2000
June 6, 2000	Joint or separate reports for action on the following matters: <ul style="list-style-type: none">• Appropriation of Redevelopment Agency 80% Funds for the Northside Community Center to the current Fiscal Year, and making public improvement and primary benefit findings.• Appropriation of other City funds for the Community Center project, including Public Arts funding.• Approval of the Northside Community Center Development plan.• Approval of BRIDGE Housing as the master developer and authorization to negotiate and execute a master development agreement and other related documents between the City and BRIDGE Housing Corporation.• Public Hearing on a DDA for the lease of the housing parcel to BRIDGE Housing or its affiliate; an acquisition and construction loan to BRIDGE Housing or its affiliate to acquire the leasehold interest and construct the housing project; and authorization to negotiate and execute necessary documents.

These activities and City Council dates are subject to change over the next several weeks. However, this anticipated schedule provides the Council with a broad understanding of the sequence of the upcoming process for actions related to recommendations on the Northside Community Center and Senior Housing project.

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Subject: Northside Senior Housing and Community Center Master Development Plan Update

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CONCLUSION

The Administration and the selected development team, led by BRIDGE Housing, have made substantial progress on the implementation of the Northside Senior Housing and Community Center Master Plan. Concurrent development of the housing and community center facilities is the most cost effective manner for the construction of the entire project. If the existing funding gap for the community center is not closed within the current timeframe, the housing project will be prepared to move forward because of the Tax Credit financing application deadline of June 15, 2000. If necessary, options for phasing the housing and community center elements of the Master Plan will be presented in the upcoming reports to the City Council.

COORDINATION

The preparation of this Information Memo has been coordinated with the Redevelopment Agency, the Office of the City Attorney and the Departments of Planning, Building and Code Enforcement, and Public Works; and the Office of Cultural Affairs.



ALEX SANCHEZ
Director of Housing



MARK LINDER
Director of PRNS

Attachment